



Kenya Shippers Council

The Voice of Cargo Owners

Kenya Shippers Council Quarterly Progress Report

Submitted to USAID-COMPETE Program

Reporting Period: January to March 2011

**Grant Activity Title: “Achieving Logistical Competitiveness of Eastern Africa
Cargo Owners through the Enhanced Capacity of the Shippers Council”**

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December 2011**

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1. Introduction

The quarter ending March 2011 presented itself with significant milestones in terms of implementing the KSC strategic framework and the COMPETE program activities. Most notably, resulting from the KSC advocacy strategy, the government of Kenya established through an executive order, the Kenya Trade Agency Network (TRADENET) – the agency charged with the responsibility to implement the national single window system. KSC has representation on the Board of TRADENET.

The KSC workshop on international best practises attracted a huge participation from industry players. By all standards, this participation superseded KSCs expectation. The workshop not only improved the level of awareness of the participants on key issues in the industry but also attracted significant membership to KSC from the participants. Participation by KSC in key stakeholder meetings also served to make known the increasing presence of KSC in the media while also assisting the industry understand key emerging issues from the perspective of cargo owners as presented by the Kenya Shippers Council.

1.1. Key Activities and Accomplishments over the Reporting Quarter

1.2. Membership Development

The Council was able to increase its membership from 41 at the end of December 2011 to 53 by the end of March 2011. This recruitment was mainly done through KSC participation in joint activities undertaken by founder member – KAM and the joint activities with the regulatory authority – KMA. Participation in the KAM members open day in Kisumu town (**See report attached**) and the KMA workshop on INCOTERMS served to provide additional membership recruitments and prospects for future recruitments. Additional membership also came in from participants of the workshop on best a practices that was held at Sarova Whitesands in Mombasa. Appropriate follow-up is currently being undertaken and KSC is confident that its membership will significantly increase within the coming months as a result of this recruitment strategy. Other notable milestones under membership development included the following:

- Follow – up on renewal of membership annual subscriptions has ensured an 82% membership retention level. Outstanding renewals are set to be cleared in the second quarter.
- Petitioned the Monopolies Commission to ascertain the competitiveness of the recently announced increased rates of transportation by the Kenya Transport Association.
- Successfully lobbied for stay in implementation of an intended Emergency Risk Surcharge by Safmarine

1.3. Membership Services

The Council successfully conducted a best practices workshop for industry stakeholders at the Sarova Whitesands Hotel in Mombasa on the 17th and 18th February 2011 (**See report attached**). Although the target was 70 participants, there was an overwhelming attendance of 120 people drawn from Cargo Owners (Manufacturers, Tea & Fresh Produce Exporters), Shipping lines, Cargo Consolidators, Transporters, CFS Operators, Sea and Air Freight Regulators, Roads Authorities, Government Agencies, Freight Forwarders, the US Embassy and US Coast Guard, Insurance Companies and Banks among others. (**Attached attendance and presenters lists**)

1.3.1. Workshop Outputs

- Increased awareness of the role of the Kenya Shippers Council in the transport and logistics sector and continued interest by participants in becoming members of KSC
- Increased awareness by the participants on the benefits of achieving an AEO (Authorized Economic Operator) status
- Awareness on the role of INCOTERMS in reducing the cost of transportation
- Increased awareness of axle load regulations
- Increased awareness of air cargo and maritime security
- Increased understanding of the EAC Union and the Customs Management Act

1.4. Knowledge Management and Advocacy

The Kenya Shippers Council policy paper on customs procedures and the functioning of Container Freight Stations (CFSs) is in its draft form (See attachment). Appropriate meetings with relevant stakeholders were held in Mombasa and the general understanding of some of the supply chain inefficiencies caused by the operations of CFSs were identified **(See also report attached)**. It is hoped that the policy paper will well circulated in the month of April to provide a greater understanding among the industry stakeholders on how CFSs can operate in a more efficient manner.

KSC has also been monitoring the performance of the transit corridor with specific indicators related to cost, time and complexity (CTC). The first set of these indicators are available as baselines for the month of December 2010 **(please see attachment)**. Successful indicators will be tracked for values of cost, time and complexity for every quarter.

The KSC Knowledge Management programme supports and informs the KSC advocacy agenda. In pursuing its advocacy program, the Council managed to participate in key industry gatherings that we believe will shape the policy direction in the transport and logistics sector. These meetings included the following:

- The East African Community Transport Strategy Workshop – Kigali, 26th and 27th January 2011 **(See report attached)**
- Private sector input on perspectives of the Tri-Partied Free Trade Area Agreement annexes – Nairobi Jacaranda, February 15th 2011 **(See report attached)**
- CDS Second Regional Stakeholders' Workshop - Dar-es-Salaam February 24 - 25, 2011
- Monitoring of transit performance indicators – Nairobi Jacaranda, Feb
- Stakeholders' workshop on the proposed privatization of the port of Mombasa – Mombasa, 28th February 2011
- Meeting between FPEAK and KCAA to discuss some of the inefficiencies in air cargo transport and propose solutions to solve these inefficiencies.

One notable output resulting from KSC advocacy agenda is the recent establishment of TRADENET by the government of Kenya – an agency that will be charged with the responsibility of implementing the national single window system. KSC also has representation on the Board of TRADENET. (Please see gazette supplement no. 6 of 28th January 2011).

1.5. ICT

- The server software has been successfully sourced and procured. This means that the KSC ICT systems – both software and hardware are well secured against viruses.
- Developed a KSC e-newsletter
- Develop a mailing list for the KSC e-newsletter
- KSC website content updated
- Needs assessment for KSC members database was undertaken

2. Planned Activities for the Second Quarter of 2011

- Identify policies, regulations and legislations that have an effect on transit cargo movement in the region – Policy paper on air freight
- Execute contracts and work closely with Maxons International and Aspec Consultants, the consultants who have been contracted by COMPETE to develop the regional directory of logistics service providers and east africa's handbook for regional and international trade for KSC.
- Hold an anti-corruption and integrity issues in trade facilitation workshop for cargo owners, service providers and regulatory agencies.
- Hold one competitive forum in the month of March with the participation of key industry players with the aim of improving the competitive environment in the logistics and trade industry
- Collect data on CTC indicators for the second quarter

3. Key challenges Encountered and Proposals for Future Programme Implementation

- Delays in the receipt of advance requests for the Month of March and April meant that implementation of planned activities for March had to be delayed.
- Lack of sufficient hosting space on the KSC server has meant that we are not able to install sufficient applications to match our growing database. The council currently has a less than 1GB storage space which is not sufficient. It needs to be upgraded to 5GBs to cater for the Council's growing database.